



**CABINET FOR HEALTH AND FAMILY SERVICES
DEPARTMENT FOR MEDICAID SERVICES**

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Governor

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Janie Miller
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Elizabeth A. Johnson
Commissioner

April 30, 2010

TO: Individual Physician (64) Provider Letter A-370
Physician Groups (65) Provider Letter A-30
Certified Nurse Practitioners (78) Provider Letter A-99

RE: Physician's Injectable Drug List

Dear Kentucky Medicaid Provider:

The Federal Deficit Reduction Act of 2005 (DRA) requires State Medicaid Programs to collect rebates from participating drug manufacturers for physician-administered or dispensed drugs. In order to collect these rebates, States must collect the National Drug Codes (NDC) for the physician-administered drugs. This requirement also applies to Medicare crossover claims.

Physician-administered drugs are those drugs, other than vaccines, that are covered under section 1927(k)(2) of the Social Security Act and that are typically administered by a medical professional in a physician's office or other outpatient clinical setting. Reimbursement for physician-administered drugs is allowed only if the drug qualifies for rebate in accordance with 42 USC 1396r-8. The injection must be reasonable and medically necessary for diagnosis or effective treatment of a specific illness or injury based on accepted standards of medical practice. Therapeutic injections should be utilized only if equally effective oral medications cannot be prescribed without significant or increased side effects.

Effective with date of service July 1, 2007, Kentucky Medicaid providers were required to bill the HCPCS code and HCPCS unit as well as the NDC and NDC unit. Beginning June 1, 2010, Kentucky Medicaid providers will no longer be required to include the NDC unit. The MMIS system will be using a conversion factor to automatically calculate the NDC unit for claims submitted beginning June 1, 2010.

All providers must continue to submit the NDC(s) number of the actual drug(s) administered to the recipient. If the NDC is not reported along with a valid HCPCS, the claim will reject. Billing an NDC from a reference file, e.g., Redbook, when it is not the actual drug administered is considered fraudulent billing. A list of Physician Injectable Drugs can be found on the following website: <http://chfs.ky.gov/dms/fee.htm>.

Providers who submit claims using the paper CMS-1500 form must also utilize the NDC Detail Attachment form to report the NDC information. The form and frequently asked questions regarding physician injectable drugs can be found on the following website: <http://chfs.ky.gov/dms/physician.htm>. Instructions for completing the attachment can be found at www.kymmis.com.

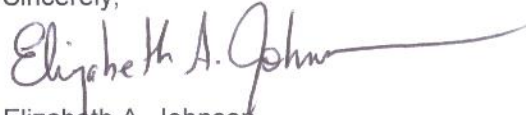
(please see reverse)



The Department shall reimburse approved drugs at the lesser of the actual billed charge or average whole-sale price (AWP) minus ten (10) percent if the drug is administered in a physician's office.

If you have any questions or concerns regarding submission of claims, please call your HP (formerly EDS) Provider Representative at 800-807-1232. If you have questions relating to rebates for physician administered drugs or NDC numbers, please contact First Health at (314) 387-4793.

Sincerely,

A handwritten signature in dark ink, reading "Elizabeth A. Johnson", followed by a long horizontal flourish line extending to the right.

Elizabeth A. Johnson
Commissioner

EAJ/RDD/ldl/dc00937